

FINAL STATEMENT OF REASONS

Title 13, Article 5, Section 350.24

1) The Update to the Initial Statement of Reasons

There are no changes to the initial statement of reasons, which is hereby incorporated by reference.

2) Imposition of Mandate on Local Agencies or School Districts

The department's regulatory action amending Section 350.24 in Article 5, Chapter 1, Division 1, of Title 13, California Code of Regulations, does not impose any mandate on local agencies or school districts and imposes (1) no cost or savings to any state agency, (2) no cost to any local agency or school district that is required to be reimbursed under Part 7 (commencing with Section 17500) of Division 4 of the Government Code, (3) no other nondiscretionary cost or savings to local agencies, and (4) no costs or savings in federal funding to the state. No studies or data were relied upon to make this determination.

3) Summary of Comments Received and Department Response

The proposal was noticed on December 24, 2004, and made available to the public from December 24, 2004 to February 21, 2005. One comment was received on the regulatory proposal.

State Farm Insurance Companies Counsel Keesha-Lu Mitra commented that the bond should be amended to "reflect that the agreement is not between the principal and the surety, but instead, it is between the DMV as obligee, and the principal and the surety".

The department's position is that a bond is a two-party contract entered into by the surety and the principal for the benefit of the State. The principal (a Department of Motor Vehicles requester account holder) contracts with a California approved admitted surety insurer to provide a bond that will fulfill the requirements of Vehicle Code section 1810.2 and Section 350.24 of these regulations. The Department of Motor Vehicles is merely the beneficiary identified in the bond provisions.

4) Determination of Alternatives

No reasonable alternative considered by the department, or that has otherwise been identified and brought to the attention of the department, would be more effective in carrying out the purpose for which these regulations are proposed or would be as effective and less burdensome to affected private persons than the proposed regulations. During the rulemaking process no alternative that would lessen the adverse economic impact on small business was submitted.

5) Incorporation by Reference

The department finds that it would be cumbersome, unduly expensive, or otherwise impractical to publish the document incorporated by reference in this regulatory action in the California Code of Regulations, and the document is readily available from the department. The document was made available upon request directly from the department.